

98-84357-12

Atkinson, Edward

“One function of the
savings bank; its...

[New York]

[1897]

98-84357-12

MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

332.2

Z

v.4

Atkinson, Edward, 1827-1905.

One function of the savings bank, its importance as a lender or distributor of capital; address...before the Savings banks association of... New York, May 20, 1897.

34 p. 16½ cm.

No. 9 of volume of pamphlets.

only Ed

RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm

REDUCTION RATIO: 11:1

IMAGE PLACEMENT: IA IIA IB IIB

DATE FILMED: 3/3/98

INITIALS: F.C.

TRACKING #: 31930

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

BIBLIOGRAPHIC IRREGULARITIES

MAIN ENTRY: Atkinson, Edward

.....
"One function of the savings bank; its importance as
a lender or distributor of capital."

Bibliographic Irregularities in the Original Document:

List all volumes and pages affected; include name of institution if filming borrowed text.

___ Page(s) missing/not available: _____

___ Volume(s) missing/not available: _____

___ Illegible and/or damaged page(s): _____

___ Page(s) or volume(s) misnumbered: _____

___ Bound out of sequence: _____

___ Page(s) or volume(s) filmed from copy borrowed from: _____

___ Other: _____

X

between verso and title page

___ Inserted material: _____

TRACKING#: MSH31930

756
1897

332-4
2.4
167

"ONE FUNCTION OF THE SAVINGS BANK;
ITS IMPORTANCE AS A LENDER OR
DISTRIBUTOR OF CAPITAL."

ADDRESS

OF THE

HON. EDWARD ATKINSON, Ph.D., LL.D.

DELIVERED IN THE

Rooms of the Chamber of Commerce

Before The Savings Banks Association of the State
of New York,

MAY 20, 1897.

LIBRARY OF
THE REFORM CLUB
SOUND CURRENCY COMMITTEE,
52 William St., New York.

"ONE FUN
ITS IMP
DIS

COMPLIMENTS OF THE AUTHOR.

HON. EDW

Rooms

Before The S

LIBRARY OF
THE S. FORD CLUB
SOUND CURRENCY COMMITTEE,
52 William St., New York.

"ONE FUNCTION OF THE SAVINGS BANK;
ITS IMPORTANCE AS A LENDER OR
DISTRIBUTOR OF CAPITAL."

P.

ADDRESS

OF THE

HON. EDWARD ATKINSON, Ph.D., LL.D.

DELIVERED IN THE

Rooms of the Chamber of Commerce

Before The Savings Banks Association of the State
of New York,

MAY 20, 1897.

J. S. BARCOCK,
PRINTER,
60 CEDAR ST., NEW YORK.

ADDRESS

- OF -

Hon. Edward Atkinson, Ph.D., LL.D.

MR. PRESIDENT AND GENTLEMEN: After struggling throughout the last campaign with the national grip and virus of the silver craze I myself was subjected to a slight attack of the physical grip, which leaves the human body in about the condition which that attack of national grip has left the business community of this country [Laughter and Applause]; and, while resting in a state of almost compulsory idleness at the Hot Springs of Virginia, I made my first personal acquaintance with your President, whom I had long known and with whom I believe I have previously had some correspondence, I was surprised that I should find such a visionary man at the head of this great body of practical men [Laughter and Applause]. The evidence of this was, that he actually had the audacity to suggest, to believe and to persuade me that I could come here and tell you anything about the right conduct of savings banks, with which I myself have had but slight direct connection. I have been able to treat you only with scant courtesy—for in the few days that have elapsed since my return my time

has been so fully occupied with the necessary conduct of business that all I could do has been to put down a few notes and to trust to the spur of the moment mainly for what I may have to say. I should have carefully prepared had the time been sufficient—specially prepared for the reporters, whom I always try to save from the effort to report word for word, by reporting myself in multiple copy. I have been unable to do that at this time.

As I sat here listening to what you had placed before you to-day, I find a very complete analogy between my own functions and that of yourselves. The work of my life for the last twenty years has been to develop the science of prevention of loss by fire among the factories of New England, New York, and the other Middle States. I stand as the president of one of the larger companies, of whom there are but few, the work of several others having been developed mainly under our direction, insuring over seven hundred million dollars (\$700,000,000) worth of the factory property in which so many of those whose savings you have charge of have been earned. You have been as successful as we have in saving waste. We have brought down the losses in specially hazardous property to a little fraction of less than twenty cents a year for the cost of insurance from year to year for the last twenty years on each \$100 of insurance; for the last year to less than ten cents; thus saving the tools and implements

and mechanism by which your depositors so largely gain their savings. And how have we done it? We have worked that great change from former times by bringing to the owners of that property the true conception of their duty to the property itself, proving to them that they themselves were the only men who can insure their property against loss by fire by taking due precaution in the construction, in the protection, and in the conduct of their own work. When they had performed their own duty to their own property and not before, then we may safely come in and give them contracts of indemnity against the unavoidable losses, reducing them to a fraction of what they have been. That is also your function, or should be as pointed out to you to-day—to bring to your depositors the conception that they only are the men who can bring about good government, the right conduct of the State, and the right protection of the people against the incendiaries who would plunder them through the processes of law or take away from them the savings of their life-time by bad legislation [Applause]. There is, therefore, a close analogy between the functions which I discharge and those which you discharge.

I once took part in a very notable meeting in this city, when the inflation bill of 1874 was pending in the Senate of the United States, when at the instance of Vice-President Wilson, I acted with

others in bringing to President Grant the knowledge of the fact, that there was outside of the atmosphere of Washington—where the pressure was all for inflation—a public opinion that would support him in doing what he himself believed to be his duty in vetoing that bad measure. I had the satisfaction in learning from ex-President Grant's own lips, when I met him in Europe after he had left the high office, that it was due to the great meetings held here in Cooper Institute and Fanueil Hall in Boston, and to the memorials that came to him from every great Western city, each signed by men that he knew, that he was convinced that there was a solid consensus of public opinion which would support him in his own conception of right, and which caused him to tear up a message which he had already written on the subject to accompany the bill signed. I can see him now as he picked up a piece of paper, in relating this to me, and said, "I took up the message which I had written, approving the bill, because I thought public opinion demanded it, although I did not believe it myself. I read over what I had written and I said to myself, 'It is all sophistry; you don't believe it yourself, and nobody else shall believe it,' and I threw it in the waste basket." [Applause]. At that meeting, in the Cooper Institute, the first speaker was your late friend, whom many of you remember, William Wood, a member of your

Bureau of Education; one who had been active in all good work; a canny Scotchman. When he began his speech he said: "My friends, there is no boore equal to the currency boore, and I am one of the worst boores of the lot, and I am going to boore you." [Laughter]. Mr. Wood was mistaken. There is a worse bore than the currency bore, and that is the statistical bore; I am one of the worst of that lot. [Laughter.] But I long since learned not to attempt to hold an audience, no matter how practiced they might be in figures, by reading before them great tables of figures and trying to give them the facts down to the last fraction of a cent. Therefore, in any figures which I may give you to-day, I shall deal only in the general results, bringing them down sometimes to the individual, but avoiding what one so often witnesses—the faults of the statistical bore. I have not that accurate knowledge of savings banks which one ought to have to address such a body as this. I do not even know, surely, where or when the system first originated in this country. I believe our old Provident Institution for Savings, in Boston, was the first; if not, it was one of the first. From that germ has been evolved our system in Massachusetts, which, as I am informed, is in some respects different from your own. Massachusetts also differs from New York in the proportionate number of the inhabitants possessing deposits, although I think the average to the credit

of each of your depositors is a little larger than ours. In round figures one-half the inhabitants of Massachusetts, mainly persons of small or moderate means, possess certificates of deposit in the savings banks to the amount of four hundred and sixty-three millions (\$463,000,000); with their reserves and cash added, four hundred and eighty-eight millions (\$488,000,000) at the last report; probably to-day, five hundred millions of dollars (\$500,000,000)—the average at the credit of each depositor, without regard to their surplus, is three hundred and thirty-eight dollars (\$338); but if my present approximate estimate is correct, the average on the whole population of the State of Massachusetts is two hundred dollars (\$200) per head; the number of accounts open at the present time is considerably more than one-half the entire population of the State; but, reducing the small number who make use of the savings banks by multiple deposits within the limit of each bank for purposes of investment, which is, I believe, not over one thousand dollars principal, there is no reasonable doubt that every other man, woman and child in the Commonwealth of Massachusetts possesses a credit on the books of one of our savings banks of an average of two hundred dollars (\$200). It is rather singular that, according to the best and closest estimate that I have ever been able to make of the product of this country, the average product of this country

annually, per capita, is somewhere between \$200 and \$225 per head, or between \$600 and \$700 to each person occupied for gain. Now, if that be true—and it is certainly no more, for mine is the largest estimate that any economist has yet ventured upon—that would give an annual product to-day, approximately, of fifteen billions of dollars, it follows that the working people of Massachusetts have a title to one year's product a head per capita in the savings banks secured by a lien upon the best property in the State, through its safe investment, and I doubt if there is any other community in the world approaching that condition.

I am reminded of rather a curious incident. I was in the Senate gallery, in Washington, at the time the first internal tax bill was under discussion, as a representative of the manufacturers. The debate was in progress in the Senate, and a suggestion had come up for taxing savings banks. It soon became evident that the majority of the Senate had little or no conception of the functions of the savings banks of the East. Even Senator Sumner himself, speaking against a tax which would have taxed us all out of existence, did not appear to have all the data that might have been used. I could not get down on the Senate floor, and I scratched off on a sheet of paper a little memorandum to him stating the amount of the deposit as it then was, the number of persons interested, and three or four

other salient facts. I dropped that paper down to a messenger who carried it to Mr. Sumner who immediately nodded to me and incorporated the facts in his speech. Next to me sat a very rough, hardy looking man who proved to be a hoosier from Indiana. I noticed as I was writing that he watched me very closely and with evident amazement, and I said, "My friend, you look surprised." "Yes, I wondered what you was doin'." Said I, "I merely told Mr. Sumner that the working people of Massachusetts had two hundred and fifty million dollars (\$250,000,000) in the savings banks of Massachusetts." "What is that you say, stranger?" "I told Mr. Sumner that the working people of Massachusetts, factory operatives, domestic servants, and the like, had two hundred and fifty million dollars deposited in the savings banks of Massachusetts." He looked at me a moment and exclaimed, "Wal, stranger, you air a very respectable looking man and I suppose I ought to believe yer, but I'll be damned if I do believe a word you say." [Laughter.] That is the aspect which the eastern savings banks of this country bear in the minds of thousands of western and southern men to-day. There will be very much greater security to the affairs and the finances of this country when the true trust savings bank has carried its beneficent influence throughout the land. I have preached that gospel over and over again to my southern friends in ad-

resses that I have made down south. I once made an address to the combined Boards of Trade of New Hampshire, contrasting her position with that of Massachusetts in order to account for our superior wealth. I took the ground somewhat in joke that the wealth and welfare of a State would be in inverse proportion to the possession of any great natural resource, and, as New Hampshire had a great deal of natural scenery which enabled her people to live as they do in Florida, on fish and strangers [Laughter], while we in Massachusetts had very little and had to live on our own thrift, we had beaten her and were better off than the people of New Hampshire. There is many a true word said in jest. If you give regard to the economic history of nations, where do you find to-day the most prosperous people? One of the richest countries containing the most prosperous people, especially the most prosperous farmers in all Europe, is Holland, where the people had to make the very land on which they raise their crops. Energy and thrift, developed by the very necessities of the case, have made Holland and have made Massachusetts what they are to-day. It is due to that thrift that our savings bank system is developed to the extent to which I have spoken.

Difficulties are now occurring in the investment in these great sums of money which are falling into the custody of trustees; I therefore told Mr.

Rhoades that I should take the beneficent function of the savings bank as a lender or distributor of the small capitals of the people as my subject. In my judgment, it is even as great and almost a greater benefit than the incentive to saving. What do we do with the capital of the people of moderate means to put it into beneficial use? How do we dispose of it? We have no permanent national debt. It is often proposed that there shall be a Postal Savings Bank. That conception is based mainly on the incentive to saving, but it is utterly impracticable. If the present Congress would give due regard to the fundamental and simple principle of taxation, namely, *that all taxes that the people pay the Government shall receive*, without diversion or perversion to any purpose of private gain, a simple and effective system of taxation could be as easily made as one can conceive. It would yield the entire revenue necessary to the conduct of the government, economically administered, while at the same time yielding a surplus that would pay the entire bonded debt in less than ten years and the entire demand debt in less than ten years more. That simple and effective system which might be to-day adopted would not exceed the *per capita* rate which it is now proposed to put upon the business people of this country—for what purpose, aside from the support of the government? I leave to your own conscience that question. I am not going into that

subject. In any event, there ought not to be for many years longer any national bonds for the investment of the postal savings, and if the people of this country were to save even one-half the average savings of the people of Massachusetts, an investment of that capital would be needed to the amount of over seven billions of dollars (\$7,000,000,000). It is impossible to charge the government of this country with the custody of savings, because we have learned that a national debt is not a national blessing, and, in the providence of God, we do not mean to have one much longer. [Applause.] There is not a State in the Union which, through its natural resources, worked with the intelligence and thrift which have been forced upon the people of Massachusetts—more than one-quarter of whom to-day are foreign born and more than one-half of whom to-day are either foreign born or of foreign origin once removed—might not in a few years accumulate a capital in the possession of its people greater by far than that which the people of Massachusetts have scraped together by their close economy in all these years, \$200 apiece. Then, what shall we do with our deposits? That is your great question. What are you to do with the pending investment, soon to be increasing? It is a fact that even bad government cannot repress the progress of the people of this country. Bad methods of taxation, bad suggestions regarding the

currency, efforts to put the quality of the money at the mercy of the chance election of a single President, only retard progress but do not stop it. Think of it! As one of your best citizens and most sagacious men remarked to me to-day, when he put the question on the continued existence of the legal tender paper money to one of its chief supporters, saying, "Are you ready to let the quality of the money on which all our transactions depend and on which all the business of this country rests; are you yourself willing to leave it to the chances of what single man shall happen to be chosen President of the United States?" The man to whom he put the question replied, "I never thought of that before." It is time everybody thought of that, for that question develops the whole danger on which we have yet the fight to go over again to maintain the honor and credit of the nation.

But now, gentlemen, I have exhausted the few sheets of paper on which I had made my notes. I now come to some of the details. What have we done with our deposits in Massachusetts; in what manner have we distributed the capital placed at the disposal of the savings banks? I have not had time to examine the laws under which your investments are made. I believe a wider scope has been given to the banks of Massachusetts. That it was safe to give it may be proved by the fact that during their whole existence they have been charged

with the custody of about twenty-one hundred million dollars (\$2,100,000,000), of which at the present time nearly five hundred million dollars (\$500,000,000) remain in their custody; yet throughout their whole period of existence the entire loss to depositors, by the failure of savings banks, or by scaling down in some instances their deposits, does not exceed two million dollars (\$2,000,000). Less than one-tenth of one per cent. in fifty years' loss to depositors through any fault or error or fraud or mismanagement of the unpaid trustees and of the paid officers by whom that trust has been administered. [Applause]. This gives another example of the rule which I so often quote from Sir Henry Sumner Maine's *Ancient Law*, of how the development of mutual trust is a comparatively modern conception, calling attention to the fact that in the Homeric records the cunning of Ulysses and the treachery of other heroes has been commended as much as the wisdom of Nestor or the courage of Achilles. He says, substantially, as time has gone on and the work of society has been developed, the trust reposed in and deserved by the many has created the opportunity for fraud of the few. Where there is no mutual trust there can be no fraud. Where the mutual trust of the workman and the capitalist, the mutual trust of class and class, and of all classes of the community, each and the other exists, it is that very trust reposed in and deserved by the many

that has made the opportunity for the fraud of the few.

According to our last Massachusetts statement of the investments of about \$480,000,000, our banks among their assets had \$91,000,000 of loans on personal security. While I was a manufacturer I had very close knowledge of what that personal security consisted of. It has been the practice of our savings banks to lend that money as working capital to the great industrial establishments of this State; to the factories; taking the greatest care both as to the credit of the corporation, and requiring the personal security of two or three of its officers or directors. These loans have been justified. The savings banks have loaned to the factories of Massachusetts the working capital which consisted in large measure of the deposits of workmen and operatives in those very factories. A few years ago when I gave rather close attention to this subject I found that the depositor in the old Lowell Savings Bank, who had from year to year placed his money in that bank and added his accumulations, had received a better remuneration for his money than he would have received if he had owned shares in the average factory stocks of Lowell, itself one of the most successful of the factory towns. The average dividends of the Lowell companies throughout a period of thirty years had not paid as good a return as the average earnings of money in the old well-

managed Lowell Savings Bank. Whether that continues up to date I do not know, but that was the fact only a very few years ago.

I come now to what I deem the most important use of the deposits in the savings bank. The next item of the assets is two hundred and two million dollars (\$202,000,000) of loans on real estate. How you stand in regard to that I have not the least idea, but two-fifths of our entire deposits are loaned on real estate. I wrote in preparing for this address to the Commissioner of Savings Banks and I found that the number of loans on mortgage was a little over seventy-two thousand; that gives only an average of twenty-eight hundred dollars (\$2800) to each mortgage. Now, I know that some of those mortgages on real estate in the City of Boston are pretty large, but by so much as they are larger if they were taken out would the average be reduced. I have no means of computing it, but I should say that if we took off \$800 from the \$2,800 from a relatively small number of those mortgages we should find that over sixty thousand (60,000) homes had been made possible to the people of Massachusetts by the lending of the small savings of one class to the thrifty men of the other class, to the end that they might establish themselves in their own dwellings. [Applause].

We all know—not one of you would differ from me about it—that the man who owns his own home

is the safest man for the community. He is the man on whom we may rest, no matter what may be the waves of distrust or of fallacy that may spread over the country. When the silver craze was spreading and we were trembling at what was to come, I had made the analysis of that wonderful report on western farm mortgages which was in the last census; when I discovered that more than seventy per cent. of the farmers in the great Mississippi Valley owned their farms free of any incumbrance I told my friends, "You need not fear; that great body of men—slow but sure—will be educated in this campaign, and as they shall vote, so will be the safety of the finances of this country." [Applause]. That forecast has been justified and will be justified again and again. When I went abroad as Commissioner of the Government to report on bimetallism in Europe I met many of the principal financial ministers and bankers of Europe. They were all wondering how we could have had the folly to load ourselves with the purchases of silver, when, as they knew and we knew, we of all nations in the world held the command over the gold deposits of every bank in Europe, yet they feared we were going down in that current. I said to them: "Gentlemen, we may go once, twice, thrice to the ragged edge of danger, but never shall we go over! never may you fear or hope that the United States will disserve their unit of value from

the world's unit of value, the weight of pure gold, which is incorporated in the coin of the nation." [Applause].

Now, gentlemen, this idea of the true function of the savings bank to aid in housing the people in their own homes is a very far-reaching one. Think of what it means, and of what misdirected efforts have been made by the people who have wished to go a little faster than the savings bank will permit them. A bad lot of endowment assessment associations was unfortunately made lawful in the State of Massachusetts a few years ago. Rogues came in and plundered the people—plundered the poorest class of those who should have deposited in the savings bank in a few years of seven million dollars. I had the satisfaction of being one of those who drove them out of the State, or into bankruptcy, two or three years ago. [Applause]. We have also co-operative banks. They correspond somewhat to the building societies, notably of Philadelphia. But there is an enormous field yet unoccupied, analogous to that of the savings bank, which might be incorporated to some extent with it in this development of the idea of housing the people, inducing them not only to save, but also to spend their money in the wisest manner. Look at Philadelphia, and you see the best housed people in the world. There is nearly one home to every five persons in Philadelphia. How has this condition

been brought about? Partly through legislation giving direction to the forces of public opinion. In the first place, all the taxes of Philadelphia are levied upon the real estate, upon franchises, and upon only a few articles like watches and silver ware of personal property. The attempt to reach invisible and intangible property, in the form of stocks and bonds, by annual taxation, has been given up; a reasonable succession tax on the assets of deceased persons has been substituted, which works well. Philadelphia had building acts many years ago, before the city began to spread over its great area, which you could not have established, and which we could not in Boston, on account of narrow areas, but for which we must find some substitute. These acts require that for every family in a house in a residential district there should be so much open yard. Terminable ground rents and building societies also exist. It was first made lawful to sell land on perpetual ground rents, but that proved to be against the general interest of society. Their present act allows the actual conveyance of land to the man who builds upon it, on consideration of a payment of ground rent for a term of years, which the lessee may compound at any time by the payment of a lump sum; occupants thus being free from the danger of foreclosure, which always comes at the worst time. Every man is confident that he can retain his standing on his own land. Through

the Building Society and the exemption of machinery and tools of production from taxation, many of the principal citizens of Philadelphia have begun their lives as hand loom weavers, owning one loom in their little houses, growing up under the simple and effective system of taxation to become the rich and prosperous men that they are. [Applause.] You know many of them, as I know many of them. But, again, what do they do in Philadelphia with their franchises? Do they give them away? Do they allow men of a type of whom I do not like to speak—men whose conception of their own possession of capital is only that they may get some advantage out of their fellow men, so as to pile up more and more of the capital that they themselves know not how to use; to grab their streets, by corrupting legislators and getting possession of quasi or practical monopolies. I have no words of obloquy that would measure the contempt into which that class of men should be buried under the censure of the people. [Applause.] The people of Philadelphia have not given away their franchises or the control of their streets. They have granted them for use on conditions of mutual benefit. I believe the whole paving system of fine asphalt has been put down at the expense of the street railway systems of Philadelphia, yet the railroad companies find their profit in doing it, and they prosper. They prosper in the mutual benefit which is the life of

all commerce. When I see men of huge capital corrupting legislatures and working upon Congress—not directly corrupting the members themselves by absolute bribery, but exerting such an influence over them that they can hardly resist it, hardly knowing where that influence comes from, the purpose being to get possession of quasi monopolies, or in order to get acts passed by which they may, under the guise of revenue measures, increase the taxes in huge measure that the people pay, but which the Government does not receive—I do not wonder at the prejudices that are growing up among the hard-working and industrious people who cannot master these intricacies. I do not wonder at the spread of socialism. I tell you that if we expect to correct this evil we must stamp out these men who corrupt legislatures. Put your foot on the man who would buy a franchise by corruption and oppress the people for his own private profit! Put the mark of Cain upon the man that will pervert the power of taxation to purposes of private gain at the cost of the community! [Applause.]

Gentlemen, it is singular that one may go to the "effete monarchies" of Europe to learn a lesson how to house the people of this country in their own homes, and yet I have here the evidence that they may do that. Many years ago, when what is called the Australian system of ballot was first introduced in Massachusetts, my recollection went

back to one of those useful pamphlets, which it is the function of the Cobden Club to circulate among its members, on the so-called Torren system of registration and title to land under certificates of title guaranteed by the state, in place of the registry of deeds. I sent for a copy, and, having read it, I sent for 1,000 copies for distribution. I wrote a popular article in the *Century* magazine upon this great reform, which is within the scope of every state in this country, tending again to housing the people with the least cost and in the simplest manner by a simple change in the mode of conveyance. The Legislature of Massachusetts has acted upon it, but has not yet passed the law. One commission, which consisted mainly of conveyancers, found it difficult to adjust the present system of conveyance to the new conditions, but it is probable that this year another commission of men learned in the principles of law, with power to consult technical conveyancers will remove the obstructions, and that we may soon enjoy the benefit of this system. A member of the Real Estate Exchange of Illinois was present at a dinner of our Real Estate Exchange, where I first developed this subject. Chicago, you know, moves quickly, and this gentleman went home, and before we had begun to move in Massachusetts, he had an act through the Legislature of Illinois, giving the option to every county in the state to adopt this system. He did it a little

too hurriedly, and there was one slight constitutional objection in the act, which the Legislature of the present year has removed. What is this system? You, or I, own a piece of land, for which we have a registered deed. The title is good. We carry that registered deed to the state conveyancer, and he finds that the title is good. He takes possession of all the documents, holding them for the protection of the state; he then registers the title, and gives me a registry certificate of that title, with the guarantee of the state behind it that it is good. The state has not interfered with, or changed, any of the customs, or laws, by which an estate in land is now vested in an individual, subject to the reserved rights of the state. The state has merely taken the evidence of title over on to the sovereign record from which it emanated, and, finding it good, has given the owner a certificate that he has a good title. The owner, in possession of such a certificate, can borrow money on it, pass it from hand to hand in the simplest way and with almost as little expense as is involved in passing title to a registered bond or a registered share of stock. Think of it! In Australia, in British Columbia, in New Zealand and in many of the British Colonies, that system has been in force for many years. In some colonies a very small fee for insurance is charged and held by the state, but the fund has hardly ever been called upon. This covers the risk that the state

runs by assuming to give that certificate. There might possibly have been a flaw in the original title. I thought this system had originated in Australia, but one day I was reading an English paper and there came to me a review of an English blue book by a registrar of titles which I have here before me. To my utter surprise I found that this system had existed throughout central Europe in all its integrity, corresponding almost identically to the Torrens or Australian system, which Sir Robert Torrens established, probably without knowing this himself, from the manner in which the title to ships are registered and passed, he having been in that service.

Here we have the facts that throughout Austria-Hungary, Bohemia, Saxony, Prussia, and throughout nearly the whole of Central Europe, a system has been in force for more than eighty years so practically identical with the Australian system that the difference is trifling. I would suggest to any of you that are students of this matter—as you may become perhaps if I succeed in interesting you—that you send and get a copy of this blue book. It will cost you only about one shilling and seven pence. Address Eyre & Spottswode, East Harding Street, Fleet Street, E. C., London. Let me call your attention to the advantage of the English system of publishing official documents. Here is a most complete government report, admirably arranged and printed, with all its citations. The English

government does not distribute these reports to the public free, to pass in most instances through the hands of a receiver into the paper mill from which they emanated. They charge a small fee. Nobody goes for a government report in England except a man that really has some use for it and will take some pains to get it. You will find in this work not only a complete account of this system of the transfer of land by title, but a complete explanation of the success of the land banks which are potent instruments in Central Europe for identifying the interests of the people with the interests of the state. You can then comprehend something of the patriotism, often misdirected, of the Germans toward their fatherland when you find how the government, "effete, dynastic monarchy," as it may be, has seen to it that the ownership and the possession of their homes is assured to the people at the least possible cost. I have always looked with jealousy at the suggestion of land banks in this country. A land bank was established in Massachusetts in 1745, and Samuel Adams' father was one of the chief promoters. The greatest prejudices that existed against the last royal governor, Hutchinson, were due to his effort to wind up the land bank and to get its creditors paid, as well as to maintain the coin standard of value in the colony of Massachusetts. He was a Tory, but in spite of that let it be said to his credit, he was a

sound money, true citizen of the colony, who remained loyal to the King. Read Hosmer's life. Let us revert to the report: Here I find a record of the cost. For instance, here is a record of a transfer. Ten pounds, say \$50, is a high fee, even in large matters and with wealthy clients. The reporter says: "One of the judges spoke to me complaining of a bill of six pounds and twelve shillings (£6 12s) that he had been charged for professional help in the purchase of real estate of the value of \$20,000." From that down to a few shillings for the assignment of small lots is all that a man has to pay, and intelligent men very often go without professional assistance. One man takes his certificate up to the registrar, having sold his property; the purchaser goes along with his money. The seller hands his certificate over to the registrar, the registrar makes out the new certificate to the new owner, the money is paid over then and there. There is no expense except a little fee to the registrar. The cost seems almost ridiculous compared to the cost of conveying or executing of first and second mortgages here. This system has been applied to the greatest estates in Bohemia of which the title goes back to feudal times in the fourteenth century, and from that down to the small holdings of Prussia, where Baron Stein introduced his land reforms and thus re-created Prussia and made her capable of resisting the power of Napoleon. It ex-

ists in Wurtemberg and Bavaria, where the holdings are very small, where the land is sub-divided, and there the same system has been in force for eighty years. In short, I might turn over page after page here and give you illustrations of its value. Here is one case where the returns of twenty-seven of these land banks out of a very much larger number are given, and in the course of their history they had loaned to farmers—for commercial banks avoid these loans—a hundred and forty-seven million pounds, over seven hundred million dollars. These banks now issue debentures and get money as you receive the deposits in the savings banks. They are under supervision of the government. They are carefully run, and their debentures are the commonest forms of good security offered for sale in the Bourses of all the great cities at $4\frac{1}{2}$ and 5 per cent. The farmers get their money at about the regular market rates, subject to these small charges, no greater hardly than would be incurred in transferring a share of bank stock. I commend this method and study to you in any far-reaching view of the future function of savings banks.

To this I have ventured to add a little pamphlet of my own, which I printed at the request of the Real Estate Exchange before I had got hold of this matter of registry of title, but which fits into it to a dot. I have attempted to explain how a man may gradually become his own landlord, taking up

that wonderful system of terminable ground rents of Philadelphia. It occurred to me that the title to land might pass from vendor to vendee, and lessor and lessee, under one registered document which should remain in force until all claims had been liquidated, such claims to be represented by rent certificates. These certificates would not carry any promise or agreement to pay any lump sum at any time; but suppose a piece of land had been sold for \$1,500 on six per cent. interest or ground rent, there would be fifteen rent certificates at six dollars each registered at the trust company where the title vested, each of these certificates containing the provision that the lessee at any time coming into possession of one hundred dollars and giving due notice could go to that trust company and deposit it to the credit of the holder of that certificate; thereupon interest or rent would cease. He would then become the possessor of rent certificate No. 1. He need not discharge it; he puts it away, for it is just as good security to him on his own land as it was to the other man. He gets, say, five of these rent certificates into his own possession; then comes one of the periodical disturbances of trade at a time when under the ordinary conditions he might be foreclosed. He has not even the money to pay the rent on the rest of the rent certificates, but he has his own five rent certificates undischarged of record, just as good security. He can then go to the

trust company and borrow, temporarily, enough to tide over the hard times; when the times change again he takes up that loan; presently, as he prospers, he takes up all the rent certificates, discharges the record, and, without ever having incurred the danger of being foreclosed and sold out, he has become step by step his own landlord.

Such is my discursive effort to deal with this subject, of the technical parts of which I have very little knowledge, but with the grand future scope of which it seems to me I have a vision as clear as I hope the vision of your President was when he believed I might interest you for a few moments. [Applause.]

THE PRESIDENT: Gentlemen, I know that I can say we all have listened with intense interest and great gain to the admirable address which has just been delivered. You will notice that Mr. Atkinson spoke largely drawing from his own mind without preparation. We have taken the liberty of having his address reported by a stenographer, and I would suggest that it be sent to Mr. Atkinson for revision, and that it then be printed in the proceedings of this meeting.

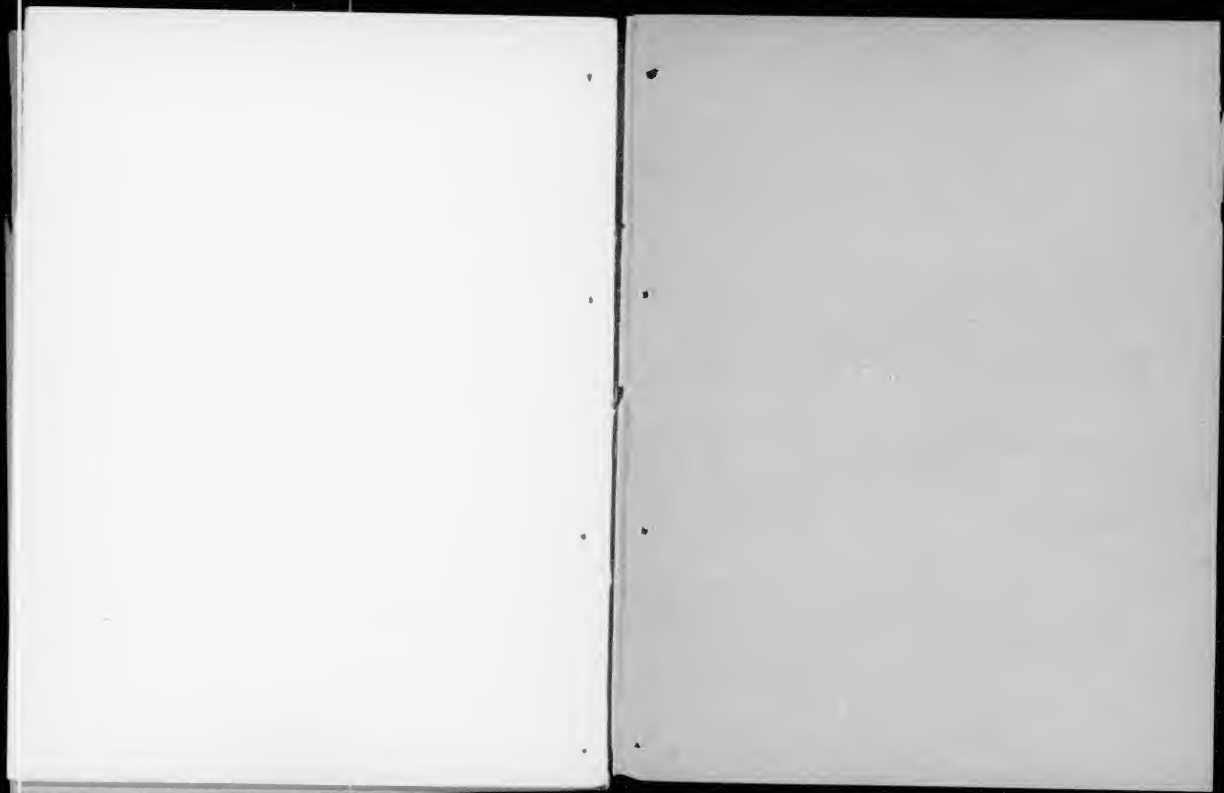
MR. ATKINSON: I certainly had not thought of such a duty being imposed upon me to-day as that which will be put upon me if this suggestion carries, yet I interpose no objection to it and I will to the best of my ability revise what I have said and put it in suitable form.

It is the one most difficult matter yet before us to reach the minds of the thinking men—among the men of moderate means, or among laborers—but it can be done. I often recall the advice which Theodore Parker gave to my elder brother, who often spoke on matters of education. "Mr. Atkinson," he said, "no matter what your audience is, always give them your best; there will be one man who will comprehend you, and he is soon to be the leader of all the rest." That is the fact now. It is the encouragement for anyone who has worked for thirty years, as I have, in trying to remove the cloud from economic science. Mr. Townsend has referred to trusts and combinations. There are trusts and trusts. I have remarked that only those continue to exist which being governed by shrewd business capacity, hold their place by reducing the cost of their product to the consumers of that product; working on the simple rule which made such a revolution in retail traffic within our recollection, of large sales at small profits. These men hold their market by their ability. I have had occasion to observe a great many other trusts, as they were called; some of them among the factories—not the principal ones—but among some of the outside factories which we insured. Many years ago, when I saw that going on, I laid down the rule: When the trust begins the risk increases—cancel your policy. I have been justified in that

rule because these trusts which are organized without much ability and for mere purposes of plunder contain in their composition the seeds of their own bankruptcy. In such cases personal supervision ends and the property becomes unsafe to insure. That is a sufficient indication of what I mean. Now, on the other hand, great trade combinations and establishments are a natural evolution. There are many lessons from figures that are easily put before your minds. In 1865 we had about thirty-five millions of people, about half what we have now; the amount of insurance against loss by fire, assuming that property was then insured only to three-quarters its value, was only about \$3,500,000,000, or thereabouts. Our population has increased since that time a little more than one hundred per cent., but the insurance against loss by fire now exceeds thirty thousand millions. There is nearly a ten-fold increase in one generation in that part of the capital of the country which is liable to be destroyed by fire; this is proved by the actual existence of the contract. Now, that means great trade combinations, of necessity. For what purpose? To deal on the large scale with the increase of abundance and get it distributed so that it will do somebody some good. Instead of having eaten up and destroyed the small establishments, there are more small dealers in the United States in proportion to the population to-day than there were

then, dealing at the secondary point with the final distribution of this huge abundance, to the benefit of the whole community. If there ever was a rule demonstrated by fifty years of experience it is the rule about which Frederick Baltiat and Henry C. Carey contested for priority: "In proportion to the increase of capital the share of the annual product falling to capital is augmented absolutely but diminished relatively, while the share falling to labor is increased both absolutely and relatively." Take the history of any art, of agriculture, of manufactures, of the mechanic arts, and follow it down through the records, which are not difficult to obtain, and you will find a complete justification of that law. Decade by decade the working people of this country have been securing to their own use and enjoyment a constantly increasing share of a steadily increasing product, until we have become, as I have so often quoted from my old Hungarian friend, Dr. Schweitzer, "almost smothered in our own grease." We are now seeking what to do with this great pile of what is in fact the working capital of the country, in order that we may expend it in some kind of reproductive work. We are waiting now to overcome the evils of the hour, which are not those of scarcity like other nations; but these very excesses of corn and cotton and iron and coal and everything else which may be converted into reproductive capital, are

only waiting for the restoration of confidence in the legislation of the country. [Applause.] We are the only great nation producing an excess of food products, an excess of coal and iron, an excess of timber, an excess of metals, an excess of all the necessaries of life. We are trying to extend our commerce, in order to relieve ourselves of our abundance. Every other manufacturing nation is deficient in some one or all of these elements of existence, and is struggling at the same time with a burden of heavy and increasing national debt, except Great Britain; all struggling in vain with the burden of maintaining a great standing army and navy. Why, the opportunity which is before this country to-day would lead to visionary conceptions, in which even your President could not follow me. The forces of civilization, of common education, and of common welfare cannot be retarded and destroyed. Let us maintain our confidence in the future of this country. The masses of the people desire good government, and will assuredly find out the men who can give them good government. It will take time, and in the interval we shall have these uncertainties; but we may reach them. Can you not begin by distributing information that you know or think to be right among your depositors. You will be doing your share in that good work; saving good government as well as good money. [Applause.]



31710

**END OF
TITLE**